

use of Federal money and we do not have a budget plan. It is very difficult to say to the United Nations why it must have fiscal discipline when we fail to observe the elemental part of fiscal discipline and budget discipline in this body.

I urge my colleagues to join with me in calling on the leadership of this institution to forthwith appoint conferees so that they may meet with the Senate, reconcile whatever differences exist between the two initial resolutions, one passed on one side of the building, the other on the other, and bring to this body a budget resolution for final action.

□ 1830

TRIBUTE TO YOSEPH GETACHEW, NATIONAL INDUSTRIES FOR THE BLIND EMPLOYEE OF THE YEAR

The SPEAKER pro tempore (Mr. SNOWBARGER). Under a previous order of the House, the gentleman from Virginia (Mr. GOODE) is recognized for 5 minutes.

Mr. GOODE. Mr. Speaker, I rise today to pay tribute to Yoseph Getachew who will be honored on October 20, 1998, by the National Industries for the Blind as the 1998 Peter J. Salmon National Service Employee of the Year.

At age 22, Mr. Getachew developed a massive, fast-growing brain tumor that cost him most of his vision. When hospitals in his homeland of Ethiopia were not able to perform the necessary surgery and when he lacked financial resources to have surgery elsewhere, Dr. John Jane at the University of Virginia offered to perform surgery without charge.

Following recovery from surgery, Mr. Getachew was hired by the Virginia Industries for the Blind, where he uses a computer adapted to use speech software. Mr. Getachew is independent and self-sufficient. He has expressed appreciation to Dr. John Jane and the Department for the Visually Handicapped for their compassion, support and generosity.

Mr. Speaker, please join me in congratulating Mr. Getachew.

Mr. Speaker, I rise today to pay tribute to a young man of courage and fortitude, Yoseph Getachew. On October 20, 1998, in St. Louis, Missouri, National Industries for the Blind will honor Mr. Getachew as the 1998 Peter J. Salmon National Service Employee of the Year.

At the age of 22, Yoseph, then an engineering student in his homeland of Ethiopia developed a massive, fast growing brain tumor. Local hospitals were unable to perform the necessary surgery and Yoseph was forced to begin a desperate search for a capable neurosurgeon. Mr. Getachew lacked the financial resources needed to fund such treatment, but after writing to physicians and hospitals in both the United States and Great Britain, he finally received word from Dr. John Jane at the University of Virginia Medical Center who offered to perform the operation for free.

Yoseph's condition was very grave by the time he arrived in the United States; the tumor had deprived him of most of his vision and left him deaf in one ear and a few days before the operation Mr. Getachew slipped into a coma. Dr. Jane's procedure removed the tumor and saved Yoseph's life, but as he recovered, Yoseph found himself in a daunting situation. Mr. Getachew was alone in America, lacking money, friends and family, and he was blind.

A social worker for the Virginia Department for the Visually Handicapped approached Yoseph during his convalescence and arranged for a temporary home and rehabilitation training. Through the department, Mr. Getachew learned orientation and mobility, vocational and daily living skills, how to read Braille and use a specially adapted computer. Dr. Jane also stepped in with much needed financial support while he got back on his feet.

In 1995 Mr. Getachew applied for and was hired by Virginia Industries for the Blind who had just acquired a service contract with the General Services Administration in Springfield, Virginia. In his job, Yoseph uses a computer adapted to use special speech software which enables him to process orders from government customers over the phone.

Mr. Getachew has made a new life for himself here in the United States and has no plans to return to Ethiopia. "The awareness level and support of people with disabilities is very high and the technology and specialized training has enabled me to become independent and self-sufficient." Yoseph takes great pains to recognize those who supported him along the way. "Dr. John Jane and the Department for the Visually Handicapped. . . Their compassion, support and generosity helped me beyond all my expectations. . . I love America".

Mr. Speaker, please join me in congratulating Mr. Getachew on the receipt of this award. His courage and determination are an example to us all.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3616 THE STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999

Mr. McINNIS, from the Committee on Rules, submitted a privileged report (Rept. No. 105-740) on the resolution (H. Res. 549) waiving points of order against the conference report to accompany the bill (H.R. 3616) to authorize appropriations for fiscal year 1999 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1999, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 4112, LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 1999, AND AGAINST CONSIDERATION OF SUCH CONFERENCE REPORT

Mr. McINNIS, from the Committee on Rules, submitted a privileged report

(Rept. No. 105-741) on the resolution (H. Res. 550) waiving points of order against the conference report to accompany the bill (H.R. 4112) making appropriations for the Legislative Branch for the fiscal year ending September 30, 1999, and for other purposes, which was referred to the House Calendar and ordered to be printed.

THE SURPLUS AND TAX CUTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin (Mr. NEUMANN) is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUMANN. Mr. Speaker, I rise tonight to talk about a very current issue in Washington, D.C. I spent the weekend back in Wisconsin, and back in Wisconsin it seemed like when I turned on the news almost the only thing I heard about was the Clinton situation.

I would like all of my colleagues to know that we are paying attention, and there is a lot more going on out here in Washington, D.C., right now than just the Clinton situation. As a matter of fact, we are at a point where we are going to next month, the first of October, report to the American people the amount of our first surplus since 1969.

What is going on out here right now, it is almost like a feeding frenzy where, since we are seeing this surplus, some people want to use the surplus for tax cuts, some people want to use it for spending reductions, some people say it is Social Security.

What I would like to dedicate this hour to this evening is talking about what the surplus really is, where it comes from; how we can cut taxes and how we have cut taxes in the past; in 1997 we had the first tax cut in 16 years, how did we get that done; what is different between the discussion today and last year, and how all these things fit together.

I want to start by going way back in history to just help us all remember what has happened in our country and how we got into the financial problems that were staring us in the face, the fact that we have not had a balanced budget, a situation where our government spent less money than they had in their checkbook, that has not happened since 1969.

I think before we go on in this, the fact that we are having some debates in this community about what to do with budget surpluses, we first need to put this into perspective and understand that having a surplus is a good thing. It is the first time since 1969 that that has happened. In deciding whether we are going to put it all aside for Social Security or cutting taxes or repaying debt, this is a discussion that could not have even been thought about for the last 30 years. So first I think we should give some credit to the people that took over in 1995 and led us to control spending, which we are

going to talk a little bit more about here, but led us to this situation that we are right now at today where we are in fact in surplus.

Before we even get there, though, I want to go all the way back to 1982 and I want to talk about what happened in Washington, D.C., and in America in 1982. I brought with me a chart that shows the growing debt facing the United States of America. Generally when I look at this chart I do not stop at any particular date.

One can see from 1960 to 1980, the debt did not grow very much. Then all of a sudden this growing debt took a sharp turn and it started going right through the roof. What happened out here in these years that caused this debt to start growing as we can see in this picture it did?

In the early 1980s what happened is the Republicans under Ronald Reagan looked at the tax burden in America and they said this tax burden is not right, it should be stopped, we are over-taxing the people and they ought to be allowed to keep more of their own money. They were right. I was in the private sector at that point in time. I was in a situation where literally the tax rate got to 70 percent of my earnings by October. I was in the real estate business, so if I did not sell any houses, I did not earn any money. By October of that year, I started paying 70 cents out of every dollar I earned to the government so I quit working, and this is a true story, I went pheasant hunting for most of the fall because it did not make any sense to work and pay the government. The tax rates were too high. Ronald Reagan was right when he said tax rates are too high and we need reduce the tax burden on Americans.

What was wrong about it is the way they got the tax cuts passed. Because in exchange for passing tax cuts, they allowed increased spending, a massive increase in spending. So in 1982, in these early 1980 years, they did partially the right thing and partially the wrong thing. The idea of reducing the tax burden on Americans was the right thing. But the idea of getting the votes to pass the tax cuts by allowing increased spending, that was the wrong thing.

We are going to come back to that because that is really where we are right here in 1998. We are right on the edge of this whole thing and making the same mistake again. We have finally reached a balanced budget, finally reached a surplus, and there are many Republicans, myself included, recognizing that the tax burden is too high on Americans and we want to reduce taxes. The mistake we cannot afford to make again is the mistake that was made right back here in the early 1980s that turned this deficit chart into growth. We can cut taxes if we also control spending. If we both lower taxes and lower spending, that is good. That is what I came here for, because I think government is too big and it

spends too much of the people's money. So to the extent we can control spending and use the savings from spending for purposes of tax cuts, this is a good thing. But what we cannot do and what we are on the verge of doing is the same mistake that was made in the early 1980s, cutting taxes and getting the votes for tax cut packages by increasing spending.

Mark my words right here and now tonight. Before this fall is over and before this Congress leaves, what is going to happen is the tax cuts that the House of Representatives wants and can pass are going to be rolled into a bill that the Senate wants to spend more money. So we are going to be right back in that situation where before this year is over, I will make the prediction here and now tonight to all my colleagues listening. Before this year is over, the tax cut package using Social Security money that the House is proposing is going to be rolled into the Senate proposals to spend more money, and before this year is over, we are going to be asked to vote on a bill that uses tax cuts, cuts revenue, and increases spending.

I keep pointing back to this turn in our deficit chart, the growing debt facing America, I keep pointing back to that year. We need to learn from that history lesson. We need to learn that lower taxes are a fine thing, but when you lower taxes you also have to control spending. Because if you do not, the debt piles up in a hurry.

I want to talk a little bit more about that debt so we know how far we came in these years basically since the early 1980s. The debt today is about \$5.5 trillion. To translate that into something that is more understandable, if you divide the debt by the number of people in the United States of America, that is, the 5.5 by the number of people in our country, the United States Government has borrowed \$20,500 on behalf of every man, woman and child in the United States of America. For a family of five like mine, I have got three kids and my wife back in Wisconsin, they have literally borrowed \$102,000 basically over the last 15 to 20 years. It was that combination of tax cuts and getting the votes for a tax cut package by increasing spending that has led us to this mess.

The real kicker in this picture is down here, because this is the legacy we are going to give our children. This is the legacy of our generation on the next generation. The kicker is down here. A family of five in America today is literally paying \$580 a month every month to do absolutely nothing but pay interest on this Federal debt. If anybody thinks they are not paying \$580 a month for a family of five, just think about buying those kids shoes in the store. When you go in the store and you buy a pair of shoes, naturally the store owner makes a profit, we hope the store owner makes a profit, otherwise they are going out of business, so you go in and you buy that pair of

shoes and when you buy the pair of shoes the store owner makes a profit and part of that profit gets sent to Washington, D.C., in the form of taxes. In fact, one dollar out of every six that the United States Government spends today does nothing but pay interest on this Federal debt. That is what the mistakes of the early 1980s led us to. The lower taxes were a good idea, but getting the votes to pass tax cuts by increasing spending, that is a very bad idea. We are right on the verge of that again.

What happened in the 1980s? Well, the deficits grew. They kept getting bigger and bigger and bigger. Many people remember the Gramm-Rudman-Hollings Act. In 1985 under the Gramm-Rudman-Hollings Act, I was in the private sector, we were building houses by then, and I started cheering. Our government said under Gramm-Rudman-Hollings that they were going to balance the budget, that they were going to quit overdrawing their checkbook, quit spending our kids' money and get to a balanced budget. That was the promise of Gramm-Rudman-Hollings in 1985. Then 1987 came along and they said, "Well, we can't really keep that promise we made in 1985, but here's a new promise," and they gave us Gramm-Rudman-Hollings of 1987. They broke that. Then came 1990, then came 1993 and, of course, the infamous tax increases of 1993.

I brought a chart along that shows what was supposed to happen to the deficit under Gramm-Rudman-Hollings of 1987. This blue line shows how it was supposed to go to zero. Well, the red line shows what actually happened to the deficit. Again that concept of cutting taxes and getting the votes to cut taxes by raising spending, which is not what it is going to appear like initially out here in Washington, but before the year is over that is where we are going to be, that is what happened. They promised a balanced budget and we had the deficits.

I would point out that 1993 came along and those deficits were still there. We recognized that we had a serious financial problem facing our country. But in 1993 the people that were in Washington at that point made the wrong decision. They looked at this deficit and they concluded that the only thing they could do is raise taxes on Americans. So they raised the gas tax, they raised taxes on Social Security benefits, they raised small business taxes. They raised taxes to try and solve this problem. That is the wrong answer. The American people did not want higher taxes. The American people wanted less wasteful government spending. That is really what this is all about. That is what the change is about in 1994.

In 1994, America changed. I did not do it. The class with 73 new members out here, we did not do it. The American people did it. Because in the 1994 elections the American people said:

We've had it right up to here with this. We've had it with this wasteful government

spending and the idea that every time the government can't control their pocketbook, they simply take more out of our pocketbooks. They collect more taxes.

It was the wrong answer in 1993. So they sent a new group to Washington, D.C., and the idea with the new group, we did not understand everything about government because people like myself, we had never been in office before, but we understood one simple concept: Higher taxes means more Washington spending, and the right answer for the American people was not higher taxes but less wasteful government spending. That was the fundamental principle that we started on in 1995.

I brought another chart with me that illustrates that about as definitively as you possibly can. In 1993, the year before the biggest tax increase in American history, this is the fiscal year going on, we had spending increases that year of 2 percent. We had a growth rate of government spending of 2 percent. What does that mean? That means if government spent \$100 last year, they spent \$102 this year. That is a growth rate of 2 percent. Well, in 1993 they passed that big tax increase bill and look what happened to government spending. The growth rate of government spending nearly doubled the following year. Higher taxes very simply meant more government spending. It was the wrong answer and it could not possibly solve the problem.

So in 1995 when we got here we said, "Wait a second, we can't do it that way. The right answer is getting government spending under control." Again you can see in this chart now, fiscal year 1996 was the first year that the new Republican Congress dealt with spending, you can see how the spending growth rates have now started back down again. It is that controlled growth of government spending that has put us in the position where we now have these surpluses. The economy is strong, no doubt about it, but that strong economy coupled with controlled government spending has given us these surpluses. But you see how that is the opposite of the 1982 thing. We did not go out and all of a sudden just pass a tax cut plan and increase spending to get the votes to do it. We got spending under control first so that we could get to a balanced budget.

What about 1997 and the 1997 tax cut plan? Why is it all right to cut taxes in 1997 and all of a sudden there is this debate going on in Washington whether it is all right in 1998? I brought two sheets of paper with me to help illustrate that. I am sure my colleagues are not going to be able to see them, but if they call my office they can certainly get copies of these. In one hand I have got the tax cut cost or the reduced revenue from the tax cut package of 1997. In the other hand I have the corresponding spending reductions. We cut taxes and we cut spending. If you cut taxes and cut spending, less government spending, lower taxes on the American people, this is a good thing.

This is not a bad thing. This is a good thing. If we can get government spending under control and let the people then keep the money in their own homes to decide how they are going to spend it instead of having that money come out here to Washington, D.C., this is a good thing. That is what happened.

Again I want to emphasize this. The 1997 tax cut cost was about \$100 billion in revenue. The 1997 spending reductions, \$127 billion. So if you take these numbers and you look at them, we reduced spending, we reduced taxes. This is a good thing. Government is too big, it spends too much of the people's money and to the extent that we can get to lower taxes and lower spending, this is a good thing. This is 1997.

But it is not, and I emphasize again, it is not 1998. The tax cut proposal that is currently out here today is going into the Social Security surplus and using Social Security surpluses for purposes of cutting taxes. I ran a business out in the private sector. I guess this is why I am so adamantly opposed to this idea. In the private sector, if you are running a pension fund for your employees, you could not possibly put IOUs in the pension fund and use the cash to go out and buy a new car for the executive. That does not work in the private sector. You would be arrested for that. So what we are suggesting out here in Washington is that somehow it is all right to go into the Social Security trust fund, that pension fund called Social Security, and take that money out and use it to cut taxes.

□ 1845

That is the wrong answer. Tax cuts are good. The tax cut package that the gentleman from Texas (Mr. ARCHER) wrote is dynamite, it is great. I am a hundred percent in favor of cutting taxes provided we correspondingly reduce spending. But if we are going to cut taxes by using Social Security money, you could not do that in any business in America, and government had not ought to be doing it either.

Now I want to go into detail in the Social Security discussion, and I want to make this as clear as I possibly can so that there is no mistaking where we are at in the Social Security discussion.

Mr. Speaker, where we are at now is we were about to start into a detailed discussion on Social Security, and remember we have gotten to this point, and this is a wonderful discussion. I realize I am in opposition to some of my Republican colleagues who would like to cut taxes even if it means using some of the Social Security money to do it. I realize I am in opposition with them, but before we get into this debate with my Republican colleagues and, I might add, some of the Democrat colleagues from the other side, I think it is important that we give them the appropriate amount of credit, what a wonderful opportunity that we have

that for the first time since 1969 our government spent less money than they have in their checkbook.

So, before we get into this debate where we may disagree, I think it is very important we give the appropriate credit.

Also on the tax cut package that has been written by Chairman ARCHER, I think it is a tax cut package, and I think in all fairness that he should get credit for it. But I also think that we should find corresponding spending to reduce so that we are not using Social Security money to offset the tax cuts that we are about to pass, and I do disagree with some of my colleagues on that issue. Tax cuts are good provided they are paid for by spending reductions or they come from the general fund surplus. But tax cuts that come from the Social Security surplus should not be done, and I feel very adamantly about that.

Let me go to Social Security, and I am going to go into some details tonight that I do not usually go into in this discussion, but for my colleagues that might be watching this evening I want to make sure that this is clear, and Chairman ARCHER just asked me that when I do this presentation tonight that I make absolutely certain that I clarify the differences between us because there are some people on the other side of the aisle that are going to use this issue to demagogue because, after all, it is an election season.

So, I want make sure I am very, very clear.

Social Security this year will collect \$480 billion in revenue. It is going to pay back out to seniors in benefits \$382 billion. Now to put this in perspective as to how this thing is working, I would like to forget the billions for just a minute and forget that it is Social Security, and I would like my colleagues to think about their own personal checkbooks.

If you have 480 bucks in your checkbook, and you wrote out a \$382 check, your checkbook would not be overdrawn, and in fact that is how Social Security is working right now. We are collecting more money than we are paying back out to our seniors in benefits. Social Security is collecting \$98 billion this year more than it is paying back out to seniors in benefits.

Now that extra money that they are collecting that is supposed to be put away and saved, because you see the baby boom generation people in my age group, and there is lots of us; when we go to retirement, there will be too much money going out and not enough money coming in, and again if we go to the personal checkbook analysis or comparison here, if you got yourself in a situation where over a period of years you have put these surpluses away into a savings account, and then you get to a point you overdraw your checkbook, that is when the baby boom generation gets to retirement, we spend too much money and do not take enough in. The

idea is that we are supposed to be able to go to that savings account, get the money and make good on Social Security, because you see if we do not have that savings account, and we get to this point, and it happens in the next 15 years where there is too much money going out and not enough money coming in, the question we have to ask is where do you think the government is going to get the money from to repay those IOUs that are in the trust fund? Where is government going to get the money to make up this shortfall in Social Security if we have not put the money away the way we are supposed to? And the alternatives, of course, are higher taxes, and I mean it is ironic we are here tonight fighting about whether we should do tax cuts with Social Security money and doing it effectively means that we are going to wind up raising taxes in the not distant future to offset the shortfalls in Social Security.

So it just does not make sense to do it. But one option is raising taxes; another is to reduce benefits on seniors because, of course, if you reduce benefits, then you do not need the money out of the savings account. Neither of those are acceptable as we look at what is happening in Social Security.

All right, back to the Social Security analysis.

They are taking in \$480 billion. We are writing checks out to seniors of \$382 billion. It leaves a \$98 billion surplus. This money that is coming in comes from a variety of sources, and I brought with me just a little bit of discussion here on where those sources are. Part of the Social Security money, part of that \$480 billion, it is money collected out of workers' paychecks. That is the bulk of it. So the largest portion of the 480 is money collected out of workers' paychecks, but that is not all. You see this surplus has been accumulating over a period of years, and there is a whole pile of IOUs sitting off here on the side that are supposed to be accumulating interest. So part of that \$480 billion is interest on those IOUs.

Now it should come as no great surprise to anybody that the government is currently paying the interest on those IOUs with, you guessed it, another IOU. So when we talk about this Social Security revenue, part of the Social Security revenue is those IOUs and the interest on those IOUs. So we have got \$480 billion total. It comes from workers' paychecks, comes from interest on the IOUs and one other significant source, and that is called intergovernmental transfers.

You see, if you are an employer out there in America, you are already providing a portion of the Social Security payment on behalf of your employees. Well, the government has got lots of employees. That portion of the Social Security payment for the government employees, well, that is called intergovernmental transfers. So there is really three sources for this \$480 bil-

lion. One is the money that comes straight out of workers' paychecks, one is the interest on the IOUs, and one is the intergovernmental transfers.

Now the debate that is going on here, and I am going to be a little more technical than usual on this, but the debate that is going on here: the Republicans are saying that we can put all the money that is collected from workers' paychecks aside and still have a tax cut. That is true. We can put all the money that is coming in from workers' paychecks over and above what is being paid back out to seniors in benefits aside and still have a tax cut; that is true. But what we cannot do is put all the money that is coming in from workers' paychecks, plus the intergovernmental transfers that is supposed to be going into Social Security and the interest on the savings. So the debate that is going on out here is when we look at this Social Security revenue, should we count just the money that is coming from workers' paychecks, or should we count the money that is coming from workers' paychecks plus the intergovernmental transfers, plus the interest on those IOUs?

And again, you know, I am not an expert at this from the government side of it, but I can tell you in the private sector if I am looking at a pension fund and I look at how much money I have accumulated in that pension fund to pay my employees benefits, it would not be acceptable in any business practice to say I am only going to count the new money going in this year and for the interest on the pension fund I am going to write an IOU to the account. That would not work. That interest gets paid in real money to any pension fund in America, so I respectfully disagree with my colleagues when they somehow indicate that we do not have to count that interest on the IOUs or these intergovernmental transfers. From a private sector prospective running a pension fund for employees you could not possibly get away with having a pension fund there, pulling the earnings out, replacing the earnings with an IOU and spending those earnings on something different. That is just absolutely you could not get away with that in the private sector.

So again I go back to if it makes sense out there in America, and that is the way the rest of the country runs, why in the world should we just because we are government work under a different set of rules? I think we should go back to the private sector, look at how the pension funds are run and do the best we can to do the same things here that we would consider acceptable and write off in the private sector.

All right, back to this picture then. We do have \$480 billion total coming in for Social Security this year. We are writing out about 382 billion in checks to our seniors, leaving a \$98 billion surplus. The problem we have today out here in Washington is that \$98 billion surplus is deposited directly into, and think of this middle circle as the big

government checkbook. So government gets this surplus, they put the money in the big government checkbook, and they spend all the money out of that big checkbook so, of course, there is no money left at the end of the year, so they simply write an IOU down here in the Social Security trust fund.

But now this year is a little bit different because you see this year we are taking the money, putting it in the big government checkbook, but for the first time since 1969, when we get out here and look at the checkbook at the end of the year, there is money left. Now the amazing thing to me is that our government and what we are doing today is we are looking at this \$98 billion, we are putting it in our checkbook, we are getting to the end of the year and there is a little bit of money left out there, and we are going, great, we got money to spend; great, we got money to reduce revenue. But the point is if we did not put that money in the big government checkbook, we would have zero left in our checkbook. It is still balanced; I mean I am very happy to report the progress that has been made here. We would still be in balance or for all intents and purposes in balance this year, but we certainly do not have money left over to do tax cuts with.

So when you hear this debate unfolding before us and you say should we do tax cuts or should we not do tax cuts, the question you have got to ask yourself is: Is it fair to take that surplus and use it for something, new spending or tax cuts, when in fact it belongs down here in the Social Security trust fund?

Now in my office we have written a bill. It is called the Social Security Preservation Act and it would effectively solve this problem. What the Social Security Preservation Act does is it simply takes that \$98 billion and puts it down here in the Social Security trust fund, and to most people in America that does not look like Einstein kind of thinking. It really is not. In the private sector if I was running a pension fund and I had money that was supposed to go into the pension fund at the end of the year, I sure as shooting would not put it in my government, in my business checkbook and spend the money. I would have to put the money down here in the trust fund, where it belonged.

So what we are doing here is no different than what any company in America is doing as it relates to pension. So our Social Security Preservation Act would simply take the \$98 billion and put it directly down here in the Social Security trust fund, and you can see I kind of got it walled off. The idea is we do not want that money to wind up being spent out of the big government checkbook.

Now as far as the big government checkbook, and I think this is real important in understanding because we are about to move into a new era; you see, the Social Security fund has been

in surplus now for quite some years, and they have been spending the money and for the first time we are in a position we could actually put it aside, which is the right thing to do. But there is another dynamic happening here. This general fund without the Social Security money is also about to go into surplus, and that is an entirely different discussion. The Social Security trust fund is in surplus. That money should not be spent, it should not be used for tax cuts. Social Security money should be set aside for Social Security. But when the general fund gets into surplus, that is a different story, and we have got to start asking ourselves the question now, if we are not using the Social Security money, but the general fund is in surplus any way, and when we get done at the end of the year, we have got money left in our checkbook, what should we do with it?

I mean after all this money does not belong to Mark Neumann and the Members of Congress. This is the people's money. This comes from the people's paycheck. It is their taxes that we are talking about. So when we look at this general fund, assuming we set Social Security aside, what should we be doing?

And let me just lay out my plan and where I think we should be going. I wrote a bill called the National Debt Repayment Act. The National Debt Repayment Act says, if we get in surplus in the general fund, we use it really for two things. First, we use it to make a payment on the Federal debt and we pay off the Federal mortgage much like you would pay off a home mortgage anywhere in America. So as we get into surplus in the general fund, we first make a mortgage payment on the Federal debt. Under our bill we would pay off the entire Federal debt within 30 years, much the same way as any American might pay off their home mortgage.

What about the rest of it after we made our mortgage payment? Well, I think that should go back to the people in the form of tax cuts.

So you see how this picture can all work together. We can set the Social Security money aside and when we are in surplus now, which we physically are in Fiscal Year 1999 unless we go into a severe recession, and I do think that we should wait and see that we have actually got the money in hand before we go spend it, but assuming things stay as they are and we are in surplus in the general fund, not the Social Security money, in the general fund, if we are in surplus in Fiscal Year 1999, I think we should look seriously at doing tax cuts with general fund surpluses, and I think we should look seriously at starting to repay the Federal debt.

When you think about this picture for the economics of a country we are now saying that we can put the Social Security money aside because we are in that position today, and as we go into

surplus, we start making payments on the Federal debt, we pay off the debt in its entirety so we can pass America on to our children debt free, and the leftover money we get to use for tax cuts so we can actually reduce the tax burden on American citizens.

That is kind of my vision for what we ought to be doing out here. Now how does that relate back then to what the discussions that we are having right now? First off, I hear it all the time. In our district the AFL-CIO started running ads implying ironically that I support the tax cut using Social Security money even after I have given several speeches like this on the floor. But at any rate the other side is basically implying that we want to cut taxes with Social Security money, and at the same time what they are not telling the American people is about all these proposals for new spending. And I keep going right back to this. It is every bit as wrong to propose new spending with the Social Security money as it is to propose tax cuts. But what the American people are hearing about, aside from Clinton, what they are hearing about is the Social Security money being used for tax cuts, and what they are not being told about is this thing called emergency spending that effectively spends Social Security money for new government spending programs, and they are both wrong.

□ 1900

One is as wrong as the other.

I am optimistic that as we move forward, we will move into an opportunity to stop both of those things from happening, but it is going to be a huge debate this fall.

For my colleagues that might be watching this evening, watching this floor speech, I would reiterate my prediction: That before this fall is over, you are going to be asked to vote on a joint package that includes \$80 billion of tax cuts and at least \$80 billion over five years of new spending.

I reiterate where we started the hour this evening, and that is that we are effectively going back to 1982. In 1982, President Reagan wanted tax cuts, and he was right to want tax cuts, but he got the votes for those tax cuts by allowing new spending, and that is exactly what is going on out here in 1998. There is such a mess going on in the media with, of course, all of the Clinton problems, that what is happening is this is being buried below the surface so the American people are really not very aware of this at this point in time, that we are about to start making the same mistakes that I think we made back in 1992.

I am optimistic we can get it under control and stop that from happening, but it is very, very important that my colleagues engage in this discussion with their constituents and that the constituents provide that feedback to my colleagues on how they feel about using Social Security money for tax cuts or about how they feel about using

Social Security money for new spending.

I would hope that what would happen is as my colleagues engage in this interaction with their constituents, I would hope in their district they ask their constituents how they feel, and I think they would find they feel much the same as the people do in Wisconsin.

Tax cuts are good. No one disagrees with the facts the taxes are too high. The '97 tax cut package, and, again, I reiterate, we think of the tax cut package, here are the tax cuts, here are the spending reductions that went with them, lower spending, lower taxes, this is a good thing, no one disagrees with that.

But when you ask the other question, when you ask the question, and I have seen all the poll numbers floating around Washington, D.C., the Republicans have one set, the Democrats have a different set, but I would like to encourage our pollsters to start asking the question that I ask to normal typical people, which, by the way, all tell me they never get these poll calls, but I think what they ought to start asking is, okay, you support tax cuts, and I think you will find most people believe taxes are too high and they support tax cuts. But then you ought to ask the next question: Is it all right to use the Social Security money for tax cuts? I think you are going to find a dramatic answer "no." I think it is our responsibility to see to it that we start treating Social Security properly.

One more thing before I end this hour this evening that I would like to talk a little bit more about, because I found when I traveled Wisconsin, there are so few people talking about the tax cut package that is already passed. It is like there is this frenzy out here, it is election season, we have to pass another tax cut package. When I go around Wisconsin, most of the people do not know about the package passed already. So I would like to stop talking for a minute about what we might do this fall and talk about what has already happened and what has already been passed into law.

Last year, 1997, we passed a tax cut package for middle income Americans. When middle income Americans do their tax returns next April, they are going to find that they get a \$400 per child tax refund. This is not an additional deduction or anything like that. You do your taxes, you get to the bottom line, and when you get to the bottom line you get \$400 back in the form of a refund for each child under the age of 17.

If you have a college student, and costs of college are astronomical, it is very difficult for middle income families to pay for college today, if you have a freshman or sophomore in college, you get to the bottom line on your taxes and subtract 1,500 off. You get literally a tax-free fund of \$1,500 to help pay college tuition. If you are a junior or a senior, it is 20 percent of the first \$5,000, but basically it is \$1,000 for most middle income families.

Let me put that in perspective. For a family of five in Janesville, Wisconsin, with two kids at home and a freshman in college, they would expect a tax refund of \$2,300 next April. This is real money. We are talking middle income, \$50,000 a year family in Janesville, Wisconsin, with two kids at home and a freshman in college, they are going to get a \$2,300 refund next year.

I will tell you, this is not really about just the money. It is not about money. It is about those families having the opportunity to spend more time with their kids, because, you see, when they keep that \$2,300, they might be able to make a choice of not taking an extra job, and when they do not take the extra job, they have more of an opportunity to spend time with their kids and their families, and that really is what the tax cuts are all about.

Then I hear well, but that is only for families with kids, Mark. What did you do for the rest of us?

They do not know at this point, some people know that the capital gains tax has been reduced from 28 to 20, and it is going to 18. That has already passed into law and is on the books. Some people, especially our young people, and some middle income people my age, especially when they get to be empty-nesters, when you turn 45, 46, 47, a funny thing happens, when your kids start leaving home to go to college or maybe they get married and start their own families, all of a sudden you realize you are a full generation now closer to retirement yourself.

We start looking at these empty-nesters and we start saying, what is happening with empty-nesters? A couple things happen. One is many of them sell their home and buy a smaller home, that is one, and another thing is they start saving money for their own retirement.

There are two significant changes passed last year. The first is the Roth IRA. For those empty-nesters, that are now with the kids in college or out of college even starting their own families, and they are thinking about their own retirement, those empty-nesters can now put \$2,000 each into an account; the interest accumulates tax-free all the way to retirement; and when they take the money out at retirement, there is no taxes to pay. So they can start saving in a much better way for their own retirement.

One more thing on the Roth IRA that I think is real important, because I saw it with my own family, I have a 21-year-old son who started his own Roth IRA. The Roth IRA for young people is very, very important because it allows them to put money away that they can later take out tax-free to either buy a home or continue their education.

So when my Andy literally gets out of school and decides it is time to buy his own home, the money he put into the Roth IRA, whatever it has earned, he can take it back out tax-free and use it to purchase his first home, up to \$10,000, or he could use it to return to

college as well. So that Roth IRA is very important for the young people, it is also very important for the empty-nesters starting to think about taking care of themselves in their own retirement.

But there a second thing that I mentioned with the empty-nesters happening to lots of people between 45 and 55. That is that their home that they had when they had their kids is too big, so they buy a smaller home to now maybe help save additional money as they move toward retirement. There is no longer any Federal taxes due on the sale of virtually any home in America. There is a way-high like \$500,000 top end cap on this, but if you sell a home for less than the \$500,000 number, virtually all homes in Wisconsin, if you sell a home for less than that, there is no Federal taxes due. So if an empty-nester makes the decision to sell the larger home and move into a smaller home, there is no taxes due when you sell that house.

One more thing. For senior citizens who may have made that decision in the past, they sold that larger home and moved into a smaller home, they took the onetime age 55 exclusion which would have allowed them to avoid paying taxes at age 55 on a certain amount of the profit they made only their home. For our senior citizens who sold their home, took the one time exclusion and bought another home, when those seniors make the decision to sell their home again now, there are no taxes due.

So this tax cut package of 1997, very, very few people even know what was in it at this point in time, and I think what we should be doing, to my colleagues that are listening this evening, is rather than make a decision to cut taxes using Social Security money, let me give you my first choice. My first choice would be to do the tax cuts, find corresponding spending reductions, so we have less spending and less taxes. That would be my first choice.

But if we find that this body between the House and Senate does not have the will power to find the corresponding spending reductions in order to reduce taxes, if we do not have that will-power today, and, by the way I would do it in a heartbeat myself, but it takes 218 votes to pass these things, so if we do not have the will and we do not have the votes to find the spending reductions, for goodness' sake, let us not go and cut taxes using Social Security money. That is the wrong answer.

Let us just give this thing a little chance. Let us talk about the tax cuts of '97, let us let America know what we have already accomplished in reaching a balanced budget. Let us let America know we have actually taken passed a tax cut package that going to significantly impact them. Let us let our country know about the improvements that have been made in Medicare, where diseases and testing for diseases that were never covered in the past are now covered, and how we save money

by doing things like testing for diabetes ahead of time, instead of making the senior get sick before Medicare kicks in and covers that.

Let us get that information out to the American people during this fall, as opposed to going ahead and doing something that I think repeats the mistakes of 1982, and that was decreasing taxes effectively using Social Security money to do it. Decreasing taxes while we increase spending is such a bad precedent to set and that is not what we came here for in 1995. That is not what the American people elected us to do. I sincerely hope as we look at this fall and we look at the days ahead of us this fall, I sincerely hope we make the right decision and do not allow that to happen.

I would just like to conclude with my vision of where I hope we go as we move forward. I think from the economic side of a vision for the future of this country, I think the first thing we need to do is make sure that Social Security is safe and secure for our senior citizens.

We talked about the Social Security Preservation Act. That extra money coming in for Social Security, this needs to be used for Social Security. It needs to go into a safe, secure savings account for our senior citizens. That is goal one.

Goal two: This debt that we have accumulated, we need to start making payments on the debt. The National Debt Repayment Act would repay the Federal debt, much like you would repay a home mortgage over a period of 30 years. So goal two for the future of this country, wouldn't it be great if our generation, while we are still in the work force, could pay off the bills that we have run up over the last 15 years and give America to our children absolutely debt free? Remember, that means that you can simply reduce the tax burden by \$1 out of every \$6 simply by not having the debt, because that is how much the interest on the Federal debt costs today.

So the second goal that I would make on the economic side, let us pay off the Federal debt and leave our children the legacy of a debt-free Nation, where they do not have to pay \$580 a month to do nothing but pay interest on the Federal debt.

The third goal, and I think it is equally important, the tax burden today is nearly 50 percent higher than it was a generation ago. When my parents had me 40-odd years ago in the fifties, the bottom line was the tax burden then was about 25 cents out of every dollar they earned. Today that number is all the way up to 37.

So I keep asking this question, what is it that government is doing today that is so much more important that they did not have to do before, that my parents were doing for themselves back in the fifties that now government can do better than my parents could do for themselves back in the fifties? What is it that would allow your government

to collect this extra 12 cents on the dollar, forcing so many second and third jobs in our families all across America?

So when I look at our goals as we move from this generation forward, I think we need to get the tax burden down to where it was in the fifties, not more than 25 cents out of the dollar at all levels of taxation, state, Federal, local, property taxes, the whole shooting match, not more than 25 cents out of the workers' paycheck out of a dollar should be used for taxes. So that is the economic side.

On the social side, I think the most important issue facing America today is education. We look at our kids and where they were once up here ranking in the world, we are now down in the twenties, depending on which study you look at, as to where we rank in the world. And, you know, government's answer to this education problem has been hey, I am out here in Washington and I know how to educate your kids, so I am going to start a new government program; and when I get done, because I am in Washington and know how to educate your kids, education will improve.

Well, education did not improve. Government started 760 different programs with a course of bureaucracy to go with every one of those 760 programs, and our kids just kept dropping in the rankings more and more and more.

The reason they kept going down in the rankings is because every time government takes a responsibility away from the parents, the parents have less say in the education of their kids, and the less the parents are involved in that education, naturally the poorer the success rate with education.

So I think as we look at this education problem, the right answer is to do everything we can to get the Federal Government out of the way and return the power of education to decide what the kids are taught, where it is taught, and how it is taught, that needs to be returned to our parents, to our teachers, to our communities, to our school boards, and not be controlled out here.

There is an interesting side benefit from this, and we voted on this bill last week. If we could get that money back to the control of the local schools, and we get these bureaucracies, because, remember, 760 different education programs, 760 different bureaucracies, all the bureaucrats getting paid before any money gets to the classroom to help the kids.

If we could require that 95 cents of every dollar that the Federal Government spends on education actually winds up in the classroom, it would mean there would be an additional \$9,000 for every school in the country without raising taxes open the people, \$400-plus for every classroom in America if we just get the Federal Government out of the way. That money today is paying government bureaucrats in Washington.

Again, I just keep going back, I almost think of Washington people kind of grabbing their coat and saying well, I know better about education than all you people out there in America. Why in the world would anyone believe that just because you are here in Washington, you know better how to educate Wisconsin kids than people in Wisconsin do? It just makes absolutely no sense to me.

So when I look at the education, how we are going to fix the problem, get control of education back in the hands of the parents, let us let our parents decide what the kids are taught, where it is taught and how it is taught, there is a huge by-product if we can do that.

We looked to the study of thousands of teenagers, and what we found was not unexpected. Some had drug problems, there were crime problems, there were teen pregnancies, there was teen smoking, but there was also a whole mess of good kids. There was a whole bunch of good kids that we found. So we started looking at the difference between the ones that had crime problems and the ones that did not; the ones that had drug problems and the ones that did not; the ones that had teen pregnancies and the ones that did not; and teen smoking, and the list goes on.

The single most important factor in determining which group these kids are going to be in, and, again, this does not come as a surprise, it is the amount of involvement of the parents in the kids' lives.

So when we look at our social problems facing America, if we could solve the education problem, or at least move in the right direction by reempowering our parents to be more actively involved in our kids' education, we would also see significant improvement in areas of crime, drugs, teen pregnancies and teen smoking.

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One other thing on the social side that I think should be mentioned, today we have a practice in America called partial birth abortions. The Senate just voted last week to not override the President's veto of a partial birth abortion ban.

Many people in America still do not know exactly what a partial birth abortion is. This is not going to be anywhere near as graphic as what we have seen about the President, but I do think it is important we understand what it is.

In a partial birth abortion, it occurs as late as the 7th, 8th, or 9th month of a woman's pregnancy. The child is partially delivered feet first, all the way up to the head. The delivery is stopped, the child's life is ended, and they then complete the delivery. Remember, just seconds more on that delivery and the child lives. We are talking about a healthy baby whose life is ended just before it takes its first breath.

Folks, I think when we look at America, this partial birth abortion issue, it

is not about Republicans or Democrats or even pro-choice or pro-life. Many pro-choice Democrats voted the same way as pro-life Republicans like myself to end the practice of partial birth abortion.

We can have this other abortion debate, and I at least understand, I do not agree with, but I understand the other side in the abortion debate. But when we talk about partial-birth abortions, it says something about us as a Nation. If we are going to allow this sort of a practice to continue, what does it say about America as a country? What does it say about us as a people? That is why we need to keep at that, on the social side of problems facing this country, and we do need to end partial birth abortions.

Let me paint this picture and just kind of wrap up tonight with a total picture, here. If we can pay down the Federal debt, the government no longer needs to pay the interest on the debt. That interest money makes it easier to put the money away for Social Security that should be put away so our seniors are safe. They get up in the morning knowing their Social Security is safe. It also makes it easier to lower taxes, because we do not need the interest money. That is \$1 out of every \$6 the government is spending today. It makes it much easier to lower the tax burden on all Americans.

Let us think about lowering the tax burden for just a minute, because those ramifications are great. When we lower the tax burden, families can make decisions to not take second and third jobs, because they will be keeping more of their own money, rather than go out and earn that extra money they were sending to Washington before.

As we lower the tax burden, parents will be able to make the decision to spend more time with their families, and when they spend more time with their families, hopefully they are actively involved in their kids' education. So we have reempowered the parents to have control of their kids' education, what they are taught, how it is taught, and where it is taught. They now have more free time.

As we reduce this tax burden, they are not forced into the second, third, and fourth jobs, so they are more involved in their kids' education. It solves the education problem, or at least moves in the right direction of solving the education problem.

Of course, the by-product is that those other social problems we mentioned, we expect to see lower crime rates, less drug use, fewer teen pregnancies, less teen smoking.

When we put this picture together, we pay off the debt, no interest payments, it is easy to put money away for social security. Lower taxes empowers parents not to have to take a second and third job. It puts us in a position where we can now start seeing solutions to social problems, not by Washington mandates or somebody out here grabbing their jacket and say, I

know how to do it, but rather, empowering parents to be actively involved in the kids' lives.

The greater involvement by the parents in the kids' lives, the farther we move down the road towards solving the social problems facing our country. That is how we spend the majority of our time.

I should conclude by saying I am not so naive to think that I or somehow somebody in this city or any of my colleagues can wave a magic wand of some sort and say, okay, it all happens. I am not that naive.

But when we start thinking about goals for a generation, paying off debt, restoring Social Security, reducing the tax burden so parents can have more time with their families, improving the involvement of parents in the education process, and as parents are more involved in their kids' lives, lower crime rates and fewer drugs, fewer teen pregnancies, those are the goals we need to be working for as a country.

We need as Americans to focus on a positive bright light out there, and start looking again as to what we can do for the good of the future of this country over the course of the next 5, 10, 15, 20 years, over the course of the next generation.

BOLSTERING OUR COUNTRY AGAINST THE EFFECTS OF THE GLOBAL ECONOMIC CRISIS

The SPEAKER pro tempore (Mr. SNOWBARGER). Under a previous order of the House, the gentleman from New York (Mr. HINCHEY) is recognized for 5 minutes.

Mr. HINCHEY. Mr. Speaker, I want to spend the next several minutes talking about something that is very important to all Americans, but something that is being, at least until recently, largely ignored here in our country; that is, the global economic crisis that originally expressed itself in Japan some 7 years ago, and then gradually swept across all of east Asia, and is now expressing itself in Russia, with the devaluation of the ruble and other economic problems in that country, and also in countries in South America and Latin America and elsewhere around the world.

We, as the strongest economy in the world, have been somewhat insulated from the first direct effects of this global economic crisis. But the fact of the matter is that we are not immune from its effects, and we need to begin to bolster ourselves against it if we are going to maintain strength in our own economy.

One of the most important things that we need to do is to reduce our real interest rates. That will enable our economy to strengthen by making money less expensive, so people can make the purchases they need, the longer term purchases they need to make, so that business can strengthen themselves and be prepared for the impact of this economic onslaught.

Real interest rates, adjusted for inflation, are currently at a 9-year high. Federal Reserve Board Chairman Alan Greenspan admitted as much to the House Committee on Banking earlier this year when he said the following: "Statistically, it is a fact that real interest rates are higher now than they have been on the average of the post-World War II period."

We may wonder why short-term interest rates can be so high when the Federal Reserve has held them steady at 5.5 percent since March of 1997. The answer to that question, of course, is inflation, or more precisely, the lack of inflation in our economy.

As measured by the Consumer Price Index, the rate of inflation is currently at 1.6 percent. The CPI in fact has been below 2 percent for many months. When we factor in this low inflation rate, real interest rates currently are more than 4 times as high as they were in 1992 at the end of the last recession. We are paying more in interest than we should be paying.

The Federal Reserve Board has been hypervigilant about wringing inflation from our economy. They interpret every positive indicator, low unemployment, rising wages, increasing productivity, every one of those indicators are interpreted by the Fed as a sign that prices are going to rise. Of course, they have been wrong every time.

The Fed, in fact, in its fixation on inflation, is fighting, in effect, the last major war on inflation, which occurred back in the 1970s. Their mindset is a 1970s mindset. The economy has changed, of course, dramatically since that period.

I began calling for the Federal Reserve to lower interest rates more than a year ago, last summer, when it became clear that falling unemployment was not going to cause inflation to rise. I was concerned at that time that the Fed would see the first real, albeit modest, increase in workers' wages in almost two decades as a precursor to inflation, and that they would act to slow the economic growth, either by raising interest rates or not by lowering them. This was before the east Asian economic situation was a factor in the rest of the world, and particularly, in our economy.

At the end of the last October, when the dimensions of the Asian crisis became apparent, I urged Chairman Greenspan to hold the line on interest rates until we knew how Asia would play out here in this country. I was concerned that disinflation or even deflation due to the strong dollar and increased imports might be the real problem facing us. In fact, currently our trade deficit is the major economic deficit we are confronting as a Nation.

Since that time, the situation in Asia has not gotten any better. In fact, it continues to worsen. Barely a month ago the Russian government devalued the ruble and defaulted on their obligations, setting off another global economic problem. Latin America is al-

ready the next trouble spot, as investors are beginning to pull their money from emerging markets there and elsewhere around the world.

The down side of living in a global economy has finally hit home, and we are unprepared for it. We have rushed into this global economy without our eyes open sufficiently. Interest rates on 30-year Treasuries are at record lows, and are actually below the Federal funds rate. Corporate earnings were down in the second quarter and are likely to be off again in the third quarter, judging from the early reports of many companies. The farm debt is at its highest level since 1985, as commodity prices slide and the global markets for goods dry up. Our trade deficit is the highest it has ever been, and it keeps increasing at record increments each and every month, month after month.

The stock market seems to be on a daily roller coaster ride, and a decline in equity values, which is apparent, could dampen confidence and slow consumer and business spending as people watch their wealth evaporate.

Mr. Speaker, this is why I am introducing a sense of the Congress resolution calling on the Federal Reserve Board to lower the Federal funds rate promptly. I hope that this resolution will be supported by all the Members.

DUTY, HONOR, AND COUNTRY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes.

Mr. MCINNIS. Mr. Speaker, as I begin my remarks this evening, I know some Members may have to leave the floor. Some may have other business. But there are three words that I ask Members when they leave this evening to remember: duty, honor, and country. Those words obviously come from the speech given in 1962 by General MacArthur: duty, honor, country.

Our country right now is not in a constitutional crisis. Our country right now is not like the situation in Russia, where, because we have a bump in the road dealing with the highest levels of our government, our government is on the verge of collapse. It is not on the verge of collapse.

Our country has the strongest economy yet remaining in the world. Our economy has the strongest military in the world. Our economy has the strongest educational system in the world. Our economy has the strongest health care system in the world. Our country clearly has more freedoms than any other country in the world. Our country helps more immigrants than any other country in the world. Our country welcomes more immigrants than any other country in the world.

So as we go through these times, trying times in Washington, D.C., do not be mistaken, for there is a lot more that is going right in our country than